

**Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket No. D.T.E. 02-24/25  
Responses to the Attorney General's Seventh Set of Information Requests**

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**Request No. AG-7-28 (Gas)**

Refer to page 403 of the Company's Gas filing (proposed CGA tariff). Please explain what taxes are included in the calculation of gas cost bad debt.

**Response:**

As shown on page 403 of the Gas Division's filing, the calculation of the bad debt factor is comprised of bad debt expenses and any reconciliation amount. The CGAC tariff reads that bad debt expenses are the costs associated with uncollected gas costs including any applicable taxes. The taxes referenced here are alluding to the Massachusetts State Sales Tax of 5%.

All accounts deemed uncollectible, and henceforth, written off, included the sales tax. Prior to May 2001, the sales tax was a part of the bad debt factor. Since May 2001, however, the Gas Division has identified a provision for the Massachusetts State Sales Tax that allows companies to file for recovery of the sales tax with the State, in this instance. Since that time, the bad debt factor no longer includes taxes as the Gas Division is able to file for recovery of the sales tax with the State.

**Person Responsible:** Karen M. Asbury